

Economic Implications of the RTP/SCS on Housing

SANBAG

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Don't Overlook the Economic Elephant in the Room!

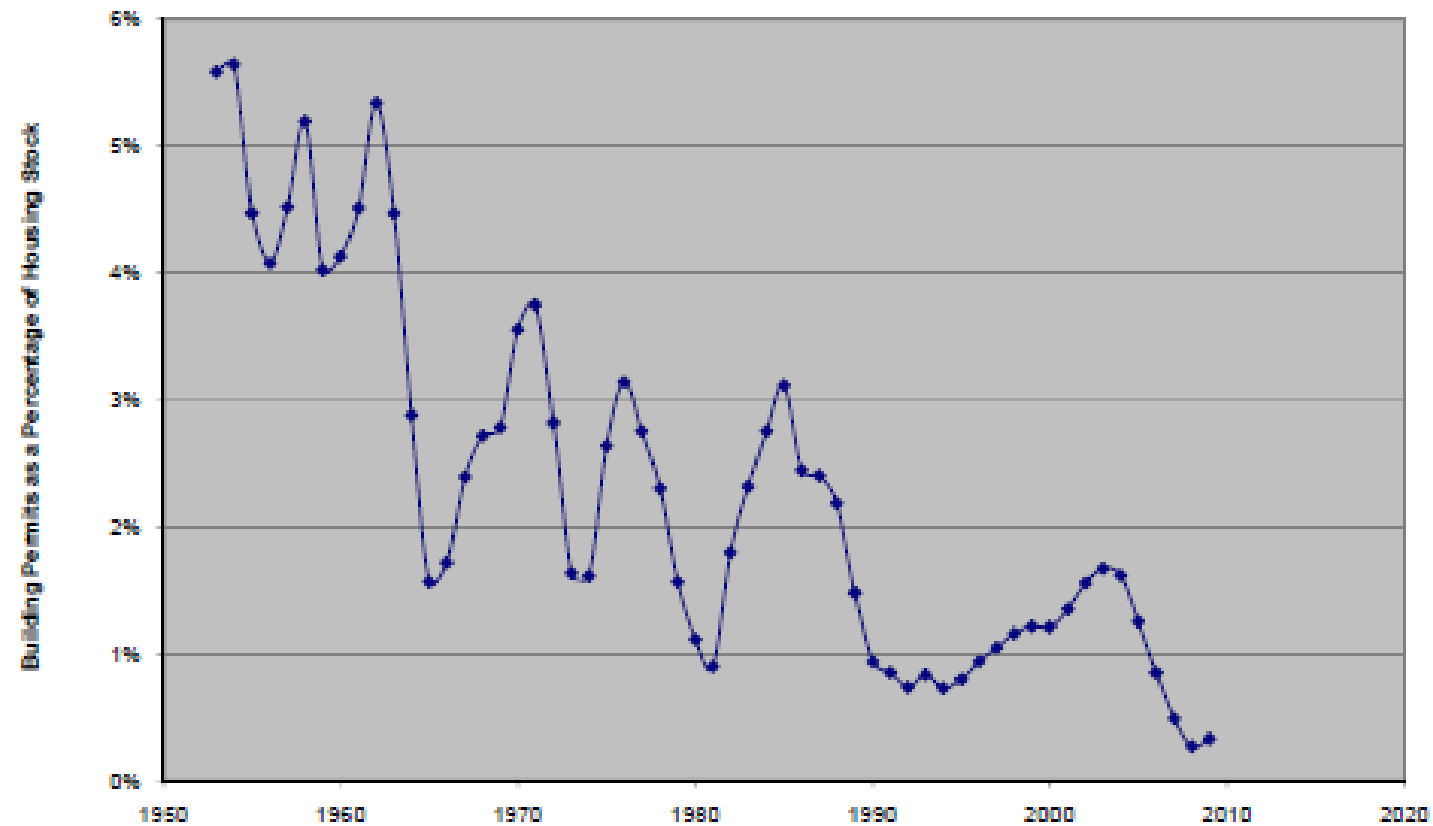
Development and redevelopment activities remain at historically low levels -- not seen since pre-WWII.

Regional and local land use policies should be aimed at getting building restarted ASAP.

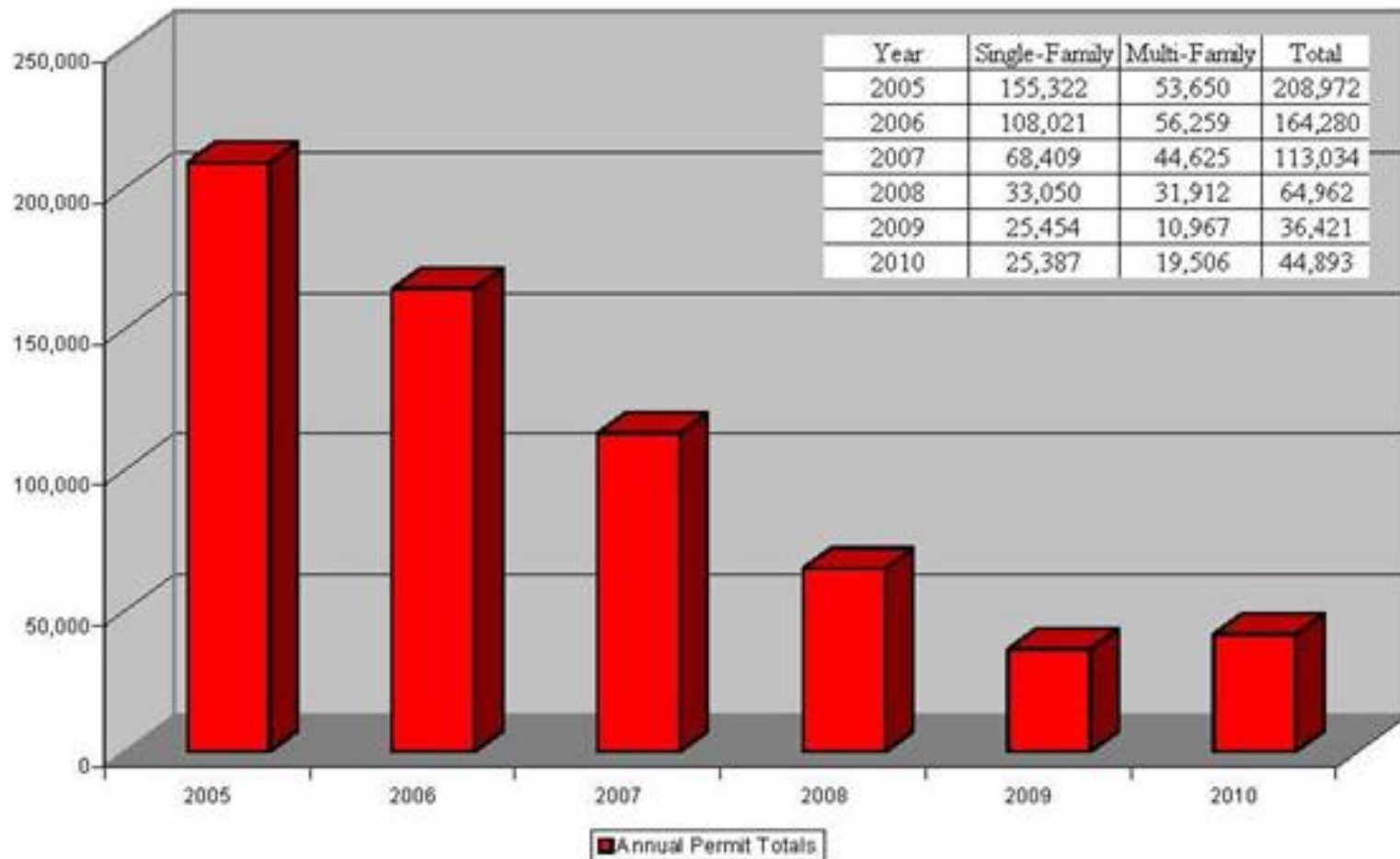
At the current rate of building, it would take between 300 and 400 years to match California's existing housing stock.

- California's existing housing stock is being lost through depreciation, dilapidation, etc. at a much faster rate.
- Therefore, the current rate of development and redevelopment is clearly unsustainably low.

Annual California Residential Building Permits Expressed
as a Percentage of Beginning of Year Housing Stock, 1954-2010
(Data from CA Dept. of Finance estimates)



HOUSING PRODUCTION IN CALIFORNIA 2005-2010



Source: Construction Industry Research Board (CIRB)

A healthy homebuilding industry is key to a healthy economy.

- Prior to the slump that began in 2007, homebuilding-related activities accounted for 11% of California's overall economic activity.
- Every \$100 spent on housing construction generates another \$80 in total economic activity; while every one residential construction job creates 1.2 additional jobs.
- Economic Benefits of Housing in California. The Center for Strategic and Economic Research in Sacramento (2010)

Our land use/transportation policies should be aimed at restarting homebuilding now!

- Meeting consumer (buyers' and renter's) demands is key to restarting the homebuilding industry.
- Consumers decide where -- and in what types of housing -- they want to live.
- Proven, ongoing consumers' behavior always trumps "surveys" and theory.

Consumers still prefer “suburbs” -- even if new and improved.

- Between 2000 and 2010, 80% of the additions to California's metropolitan areas' housing stocks consisted of single-family, detached homes -- not apartments, townhouses or condominiums.
- Policy-makers and local leaders must be careful not to dictate land use decisions that run contrary to consumers' evolving or ongoing preferences.

“Four out of five new housing units built in the United States are single-family houses. This statistic has less to do with the nature of the home-building industry, or the suburban location of new housing, than with buyers' preferences, that is, *What People Want*.” (Rybczynski, *Last Harvest: Why do Americans live in single family detached houses anyway? A brief history of the home*)

Local leaders should not impose on the housing industry unduly.

- Consumer preferences (in terms of density, housing type, etc.) must be respected.
- Heavy developer mitigation fees aimed at homebuyers' behavior (like people driving cars) will only stifle needed development.
- Nothing in SCAG's 2012 RTP/SCS (or other law or regulation) requires local leaders to impose any specific mitigation measures or adopt specific CEQA thresholds of significance.